

# Memorandum

To: Panel Members Date: June 26, 2003

From: Ron Tagami, Manager  
Peter DeMauro, General Counsel Analyst: N. Weingart

Subject: One-Step Agreement for **Chevron USA, Inc.**  
(www.chevrontexaco.com)

## CONTRACTOR:

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace, Developed Jointly by Management and Workers, and Promoting California's Manufacturing Workforce
- Type of Industry: Manufacturing Oil and Gas Extraction
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 53,000
  - In California: 11,176
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: Paper, Allied-Industrial, Chemical & Energy Workers International Union (PACE), and International Union of Petroleum and Industrial Workers (IUPIW) representing Craftworkers and Operators.

## CONTRACT:

- Program Costs: \$554,528
- Substantial Contribution: \$0
- Total ETP Funding: \$554,528
- In-Kind Contribution: \$969,878
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Kern and San Luis Obispo
- Duration of Agreement: 24 months

**SUBCONTRACTORS:**

CompUSA, Bakersfield, California (\$TBD for training)  
New Horizons, Bakersfield, California (\$TBD for training)

**THIRD PARTY SERVICES:**

The California Manufacturers Technology Association (CMTA) assisted with completion of application for ETP funds. Applicant states there was no reimbursement for this service.

**PRIOR PROJECTS:**

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

Agreement No.	Location (City)	Term	Agreement Amount	Amount Earned	% Earned
ET01-0335	Richmond	6/4/01-6/3/03	\$370,760	\$28,080	8%*
ET9-0998	Richmond	3/8/99-3/7/01	\$232,024	\$194,311	84%

\*The Contract Status Report dated 5/16/03 shows 307 enrollments and 37 trainees placed to date. On 5/21/03, the Contractor reported that there will ultimately be a total of 372 enrollments for trainees who have completed all training and who are expected to complete retention. Thus far, 351 trainees have completed the 90-day retention period; the remaining 21 will finish by the term ending date for a 94% completion rate.

**NARRATIVE:**

This project was brought to the Panel's attention through the marketing efforts of the California Manufacturers Technology Association (CMTA).

Chevron USA, Inc., is eligible to provide ETP training under Title 22, California Code of Regulations, Section 4416(b) as a company engaged in manufacturing that meets the out-of-state competition requirements for purposes of Panel funding. The Contractor also meets ETP's funding priorities to develop workers with skills that prepare them for the challenges of a high performance workplace of the future, that are jointly developed by business management and worker representatives, and that promote the retention and expansion of the state's manufacturing workforce as specified in Unemployment Insurance Code, Section 10200 (b)(3), (5) and (7).

The Contractor's representative reports all of the following company history, training, supplemental, and in-kind information:

Chevron, USA, Inc., is an operating company of ChevronTexaco, a publicly held corporation headquartered in San Ramon, California. Within Chevron, USA, Inc., the San Joaquin Valley Business Unit (SJVBU) is a leading California producer of oil & gas, turning out approximately 260,000 barrels of oil and equivalent gas per day and employing approximately 1,000 full-time workers. In 2002, the SJVBU had a gross income of \$743 million and invested approximately \$222 million in capital expenditures.

**NARRATIVE** (continued):

The ChevronTexaco Corporation traces its beginnings to an 1879 oil discovery at Pico Canyon, north of Los Angeles. This led to the formation, in the same year, of the Pacific Coast Oil Company, progenitor of the Chevron Company. The Texas Fuel Company, founded in 1901, was the precursor of the Texaco Company. These two merged in October 2001 to form the ChevronTexaco Corporation. The San Joaquin Valley Business Unit operates facilities at several sites in Central California: Bakersfield Area (Kern County); Lost Hills/Cymric/McKittrick Area (Kern County); Taft Area (Kern County); Coalinga Area (Kern County); and San Ardo Area (San Luis Obispo County). Corporate offices are located in Bakersfield, San Ramon and Concord.

The petroleum industry is experiencing dramatic changes in the way it does business. Mergers and acquisitions have resulted in "super-major" corporations with large-scale economic power and resources. As a result, the Chevron USA SJVBU must improve both productivity and cost effectiveness to remain competitive. To this end, the company recently installed new, automated equipment to gather real-time data on field equipment, which will increase process improvement and help to increase operating efficiency. Technicians, Operators, Craftworkers and technical support staff will need training in this new technology. Also, new computer hardware and software for geologists and engineers has been installed, which will enable them to implement best in class reservoir modeling, evaluation, and productivity once trained in the new material.

Chevron's ultimate goal is to become a high performance workplace. So, in addition to new, specialized equipment, machinery, hardware and software, the company is promoting an environment where teamwork, communication, personal productivity, and leadership skills will play an integral part in the overall improvement picture. Accordingly, ETP training will be provided in Continuous Improvement, Computer Skills, Business Skills, Management Skills, Advanced Technology and Manufacturing Skills to the aforementioned frontline workers as well as to Information Technology and Administrative staff and frontline Supervisors.

**Continuous Improvement** courses will include: Building Effective Teams; Process Improvement; Problem Solving; Decision Making; Lean Sigma Training; Quality Concepts; and International Standards Organization (ISO) 9001 Overview.

**Business Skills** topics include: Business Writing Skills; Project Management; Effective Meeting Skills; Effective Presentation Skills; Advanced Negotiating Skills; 7 Habits of Highly Effective People; Building Trust; and Myers Briggs Type Indicator.

**Computer Skills** class will be given in: Microsoft Word; Microsoft Excel; Microsoft PowerPoint; Microsoft Access; Microsoft Project; Upstream Business Warehouse (UBW); Systems, Applications, and Products (SAP) Software; Unix Administration; Linux Administration; Production & Revenue Accounting (PRA); Catalyst; Life of Well Information Software (LOWIS); Geological Object Computer-Aided Design (GOCAD); ChevronTexaco Spill Information (CSPIN) Software; Resources Management Information System (RMIS); and Dynamic Surveillance System (DSS) Fundamentals.

**Management Skills** training will consist of: Working Through Conflict; Leading Successful Meetings; Mentor Training; Influencing Others; Facilitative Leadership; Media Crisis Training; and Valuing Diversity.

**NARRATIVE** (continued):

**Manufacturing Skills** will include: Production Operations; Understanding Industrial Processes; Measurement and Control Workbench; Developing and Applying Standard Instrumentation; Maintaining Pneumatic Control Valves; Installation, Calibration and Maintenance; Troubleshooting; and Certified Control Systems.

**Advanced Technology** courses will include: Modicon/Intellution Well Test System; RS Logix 500/RS Logix 5 Maintenance; Wonderware Intouch Programming; Industrial Data Communications; Modicon TSX Quantum Maintenance; Modicon Programming; Network Fundamentals; Network Troubleshooting; System Administration Information Protection Awareness; Optimizing Oracle - Performance by Design; Introduction to Oracle 9i: Structured Query Language (SQL); Autocad 2004; Inquisite Survey Builder; Centra; Introduction to Active Server Pages (ASP).NET; Microsoft ADO.NET Programming; Introduction to XML and the MS.NET Platform; Crystal Reports 9.0 Report Design; Fast Track to ColdFusion MX; Fast Track to Dreamweaver MX; Developing ASP.NET Apps with Dreamweaver MX; Prosper; Cascading Style Sheets; Geolog Overview; FracPro; DataLogix; Via Vista; and Shell Programming.

Through training and development, the company feels it will be able to communicate strategic goals and changes that employees need to know and understand. These skills will afford trainees the knowledge and ability to respond to changing technology and the quality demands of customers, help to foster business productivity, expand the quality of products and services offered by Chevron, and allow the company to maintain a competitive edge in the marketplace.

The Contractor will administer the Agreement.

**Supplemental Nature of Training**

Chevron SJVBU currently provides classroom training in company-mandated safety, defensive driving, ergonomics, and employee health and fitness. It has offered variations (different levels) of some of the courses listed on the ETP curriculum, which have been given on a sporadic, as-needed basis with limited enrollment due to funding constraints. Operations and Maintenance personnel have received required safety and environmental courses as well as preventive maintenance training delivered on-the-job. The company has conducted pilot training projects for Lean Manufacturing and SCADA (Supervisory Control and Data Acquisition)/Allen-Bradley/Modicon to ensure that the workforce could perform to ISO standards. Participation in these pilot programs was limited to approximately 20 to 50 employees out of 1,000 and utilized a significant portion of the company's training budget.

Chevron SJVBU will now focus on a company-wide program with emphasis on classroom training. ETP funding will allow it to offer a more comprehensive program than the annual budget allows. With increased resources, Chevron can provide more classes and more hours of training per person within a shorter timeframe, which will ultimately lead to more rapid and effective utilization of new technology, processes and procedures.

After ETP training, Chevron plans to provide curriculum topics to newer employees, give advanced levels of training in many topics, and keep staff updated with refresher courses and new classes in the most up-to-date technology.

**NARRATIVE** (continued):

**In-Kind Contribution**

Chevron's in-kind contribution to this program is approximately \$969,878 for trainee wages while in training.

**COMMENTS:**

Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services that will ultimately be sold.

No executive level staff that set company policy have been included in the Agreement.

Participants in this project meet the Panel definition of frontline worker under Title 22, California Code of Regulations, Section 4400(ee).

**Advanced Technology (AT) Training**

AT training will be provided to over 300 Engineers, Geologists, Operators, Craftworkers, Technicians, and Information Technology Staff who earn between \$17.79 per hour to \$63.45 per hour. Each trainee will each receive from 8 to 80 hours of training in the courses listed above. These courses are highly technical, requiring small classes of ten trainees or less to allow for more individual attention and oversight from the instructor and effective hands-on lab activities. Due to the high cost of hardware, software and specialty equipment developed exclusively for the oil industry, the provision of small classes, the need for highly qualified instructors, and the high cost of materials, the Contractor is requesting the \$20 per hour Advanced Technology reimbursement rate.

**Training under 40 hours**

The Contractor is also requesting a waiver to the 40-hour ETP minimum requirement for some of the trainees. Trainees will receive 24 hours of class/lab training in Lean Sigma, Computer Skills, and other critical job skills that will enable them to assess, improve and troubleshoot critical company processes in their departments. This will serve as a basis for more advanced skills that the company intends to provide in the future as workload and time constraints permit.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this One-Step Agreement, Advanced Technology Training, and training for less than 40 hours if funding is available and the project meets the Panel priorities. This recommendation is based on Chevron's stated need to transition to a high performance workplace to remain competitive, to grow, and to satisfy customers demands for quality products and services in a competitive marketplace.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Retrainee Job 1	Business Skills, Computer Skills, Continuous Improvement, Management Skills, Manufacturing Skills, Advanced Technology	992	24-80	0	0	\$559	\$12.98-\$74.13
•					<b><u>Range of Hourly Wages</u></b>		
					\$12.98-\$74.13		
					<b><u>Prevalent Hourly Wage</u></b>		
					\$32.59		
					<b><u>Average Cost per Trainee</u></b>		
					\$559		
<b><u>*Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>		<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>
Although the company pays health benefits for its employees, the hourly contribution is not being used to meet ETP minimum wage requirements.					16%		0%

## **Chevron USA, Inc. Menu Curriculum**

### **Class/Lab Hours**

24 - 80

Trainees will receive any of the following:

### **Continuous Improvement**

Building Effective Teams  
Process Improvement  
Problem Solving  
Decision Making  
Lean Sigma Overview  
Lean Sigma (Black Belt, Green Belt, Yellow Belt, White Belt)  
Mentor Six Sigma Overview  
Quality Concepts  
International Standards Organization (ISO) 9001 Overview (1 hour)

### **Computer Skills**

Microsoft Word  
Microsoft Excel  
Microsoft PowerPoint  
Microsoft Access  
Microsoft Project  
Upstream Business Warehouse (UBW) Overview  
UBW Business Analysis  
Systems, Applications, and Products (SAP) Software  
Unix Administration  
Linux Administration  
Production & Revenue Accounting (PRA) Overview  
PRA Navigation  
Catalyst  
Life of Well Information Software (LOWIS)  
Geological Object Computer-Aided Design (GOCAD) Overview  
ChevronTexaco Spill Information (CSPIN) Software  
Resources Management Information System (RMIS)  
Dynamic Surveillance System (DSS) Fundamentals

### **Business Skills**

Business Writing Skills  
Project Management  
Effective Meeting Skills  
Effective Presentation Skills  
Advanced Negotiating Skills  
7 Habits of Highly Effective People  
Building Trust  
Myers Briggs Type Indicator

### **Management Skills**

Working Through Conflict  
Leading Successful Meetings

## **Chevron Menu Curriculum (continued):**

Mentor Training  
Influencing Others  
Facilitative Leadership  
Media Crisis Training  
Valuing Diversity

### **Manufacturing Skills**

Production Operations  
Understanding Industrial Processes  
Measurement and Control Workbench  
Developing and Applying Standard Instrumentation  
Maintaining Pneumatic Control Valves  
Installation, Calibration and Maintenance  
Troubleshooting  
Certified Control Systems

### **Advanced Technology**

Modicon/Intellution Well Test System  
RS Logix 500/ RS Logix 5 Maintenance  
Wonderware Intouch Basic Programming  
Wonderware Intouch Advanced Programming  
Industrial Data Communications  
Modicon TSX Quantum Maintenance  
Modicon Programming  
Network Fundamentals  
Network Troubleshooting  
System Administration Information Protection Awareness  
Optimizing Oracle - Performance by Design  
Introduction to Oracle 9i: Structured Query Language (SQL)  
Introduction to SQL and SQL Plus  
Autocad 2004  
Inquisite Survey Builder  
Centra  
Introduction to Active Server Pages (ASP).NET  
Microsoft ADO.NET Programming  
Introduction to XML and the MS.NET Platform  
Crystal Reports 9.0 Report Design I, II, and III  
Fast Track to ColdFusion MX  
Fast Track to Dreamweaver MX  
Developing ASP.NET Apps with Dreamweaver MX  
Prosper  
Cascading Style Sheets  
Geolog Overview  
FracPro  
DataLogix  
Via Vista  
Shell Programming